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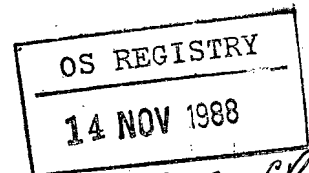
Legislation and National
Security Subcommittee,
Committee on Government
Operations, House of
Representatives

OCA 3692-88

November 1988

SECURITY INVESTIGATIONS

State Department Employee Investigation
Practices Can Be Improved



Printed copies of this document will be available shortly.

GAO/NSIAD-89-21



United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-231229

The Honorable Jack Brooks
Chairman, Legislation and National
Security Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

In response to your September 22, 1987, request, we have reviewed the State Department's procedures for conducting security investigations of its foreign service and civil service personnel.

Our review indicated that the State Department has generally followed applicable regulations in conducting routine background investigations. However, State has taken much longer than its 90-day goal to complete about two-thirds of these investigations.

More importantly, State's management has not given appropriate attention to implementing the required reinvestigation program. Although State has increased the number of reinvestigations during the past 2 years, it has not performed most of the required reinvestigations of its employees. Significant backlogs have built up as a result, and unless State takes corrective action, such backlogs are likely to continue because State has not (1) maintained accurate information concerning which employees need reinvestigations, (2) committed adequate staff or resources to the reinvestigation program, or (3) established a plan to bring the Department in compliance with federal regulations. Some employees that State had not routinely reinvestigated had committed serious security violations and crimes.

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BACKGROUND

With few exceptions, the Department's 16,000 foreign service and civil service employees hold positions that have been designated "critical-sensitive" because of the potential for an employee, either deliberately or through negligence, to adversely affect U.S. security interests.

The State Department considers it essential that these positions be filled only by persons of demonstrated loyalty and trustworthiness.

Federal regulations require that government employees who occupy sensitive positions be thoroughly investigated to determine if they can be entrusted with national security information. State investigates the backgrounds of job applicants to make such a determination and completes its investigations before hiring them. The investigations include police and credit checks and interviews with neighbors and past employers. If State finds the subject of the investigation to be reliable, it authorizes the individual access to classified material to the level necessary to perform official duties.

Federal regulations also require government agencies to conduct periodic reinvestigations--at least every 5 years--of employees in critical-sensitive positions. The purpose of the reinvestigation is to identify individuals whose conduct raises questions about their eligibility to continue to hold security clearances. Periodic reinvestigations are required in addition to any special investigations that State performs when specific information is disclosed about an employee's behavior.

An effective program of periodic routine reinvestigations and special investigations, when warranted, helps to identify employees who may be susceptible to activities that threaten national security. Reports by other federal agencies have indicated that the most attractive targets for hostile intelligence services are security-cleared employees. These agencies believe that an individual recruited for espionage after receiving a clearance is the greater and more probable threat than an "outsider."

Virtually all espionage cases in various federal agencies over the past several years have involved Americans with security clearances who were recruited by foreign intelligence operatives. Moreover, in a recent celebrated case, the embezzlement of about \$1.2 million by an employee of the U.S. Agency for International Development was uncovered as a result of a routine security investigation.

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STATE'S SECURITY INVESTIGATIONS ARE
SOUND BUT NOT PROMPTLY COMPLETED

State's preemployment background investigations of individuals generally have met established requirements. In conducting preemployment investigations, State has reviewed security questionnaires submitted by individuals; interviewed individuals; and conducted record and credit searches and police and previous employer checks.

The Department's goal is to complete background investigations of foreign service and civil service applicants within 90 days; however, our review indicated that in calendar year 1987, State did not meet this target for about two-thirds of its investigations. Our statistical sample showed that investigations of civil service applicants required 118 days to complete, and investigations of foreign service officer candidates required 164 days to complete. Overall, State's investigation of an applicant required an average of about 140 days to complete.

According to State officials, the preemployment investigations took longer than anticipated for a variety of reasons. For example, many foreign service candidates have lived and traveled extensively overseas, which has caused the scope of the investigations to be expanded. Also, Diplomatic Security special agents are periodically removed from background investigations and placed on details to protect traveling U.S. and foreign dignitaries.

STATE NEEDS TO IMPROVE ITS
REINVESTIGATION PROGRAM

Our analysis showed that State has not reinvestigated about 75 percent of its 9,000 long-term employees in critical-sensitive positions--those who had been working with the Department for 5 or more years. About 44 percent of those eligible have not been reinvestigated in the past 10 years or longer, and dozens of employees have not been reinvestigated in 25 years or more.

A major reason for the accumulated backlog is the low priority the Department has given reinvestigations. State has not focused on reinvestigations but instead has used its investigative resources primarily on "suitability reviews," which are used to reduce the number of applicants for foreign service positions. In essence, State has been giving higher priority to investigating a large number of people who will never be hired than to reinvestigating people already in sensitive jobs.

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Since 1986, State's Diplomatic Security personnel have targeted certain groups of employees in particularly sensitive positions--such as security personnel and employees with special access clearances--and have focused State's reinvestigation program on these employees. However, the Department does not have a tracking system to readily identify employees who need routine reinvestigations and has no plan to eliminate the large overall backlog.

We also found that about 70 State employees had not submitted required personal information as part of their security reinvestigations, despite repeated requests for such data. State regulations allow for taking disciplinary actions--including suspending security clearances--when employees ignore the requirement to provide requested data or refuse to comply. However, State had not taken any disciplinary actions against such delinquent employees.

PROBLEMS EXPERIENCED WITH EMPLOYEES
WHO WERE NOT REINVESTIGATED

We reviewed several dozen cases in State's files that demonstrate the importance of maintaining current routine reinvestigations (see app.I). For example:

- An economic affairs officer received a security clearance in 1973 but had never been reinvestigated as required. In 1979, the officer violated security by leaving classified information unattended. The employee was arrested by the Drug Enforcement Administration for attempting to manufacture the drug LSD and was arraigned in federal court in January 1986. Prior to his arrest, the employee had repeatedly been cited for violating the Department's nonfraternization policy with Soviet bloc nationals, including having affairs with Soviet and Czechoslovakian women. The employee's clearance was suspended in January 1986, and he resigned in June 1986.
- A science officer received two clearances in 1979 (cryptographic and NATO cosmic). In 1982 the employee violated Department regulations by traveling to a Soviet bloc country without authorization. Also in 1982, while the employee was assigned to a post in the Soviet Union, the KGB learned of his homosexual orientation and, threatening disclosure, sought to recruit him as a spy. A reinvestigation of this employee was due in 1984 but was never done. In 1985 the employee allegedly engaged in a homosexual relationship with a minor, according to information

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reported by the boy's father. The employee's clearance was revoked in August 1986.

CONCLUSIONS

When the State Department conducts background investigations, it generally follows established procedures. However, State completes only about one-third of the investigations within the established time frame.

Because the Department has not given the proper emphasis to its reinvestigation program, many reinvestigations have not been completed when required, and a large backlog has accumulated. The use of available resources to do suitability studies on numerous potential employees, coupled with a failure to establish a system for identifying employees who were due for reinvestigations, has contributed to the backlog.

Although periodic reinvestigations do not guarantee that problem employees will be identified, an active program increases the likelihood that State can uncover serious drug, alcohol, financial, or other problems that make individuals susceptible to compromising national security. Without such reinvestigations, State may not detect problems for years, and employees may continue to hold security clearances when they clearly should not.

RECOMMENDATIONS

We recommend that the Secretary of State

- develop investigative mechanisms to ensure timely completion of all required elements of a security review to meet State's established goals,
- establish and vigorously implement a plan for eliminating the backlog of reinvestigations and bring the Department of State into compliance with federal regulations,
- set up a system for routinely identifying employees who need to be reinvestigated,
- enforce State regulations requiring employees to complete and submit security questionnaires as part of the reinvestigation process, and
- ensure that adequate resources are devoted to completing the reinvestigative functions required by

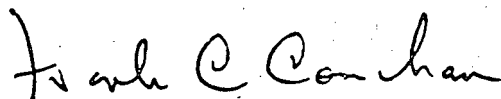
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federal regulations before expending such resources on suitability reviews.

Our evaluation of State's security background investigation practices is discussed in more detail in appendix I. Appendix II sets forth the objectives, scope, and methodology of our review.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date it is issued. At that time, we will send copies to the appropriate congressional committees; the Secretary of State; the Director, Office of Management and Budget; and other interested parties.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Frank C. Conahan". The signature is fluid and cursive, with the first name "Frank" and last name "Conahan" clearly distinguishable.

Frank C. Conahan
Assistant Comptroller General

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ABBREVIATIONS

DS	Bureau of Diplomatic Security
FAM	Foreign Affairs Manual
FPM	Federal Personnel Manual
OPM	Office of Personnel Management

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EVALUATION OF STATE DEPARTMENT'S
SECURITY INVESTIGATION PRACTICES

Our review of State's security background investigation practices showed that the primary problem areas were (1) the lack of timely completion of initial investigations and (2) the failure to perform periodic reinvestigations as required by federal regulations.

THE DEPARTMENT OF STATE'S
SECURITY INVESTIGATION PROGRAM

The purpose of background investigations is to demonstrate that individuals can be entrusted with classified information and do not pose a threat to national security. Every position in the Department is designated at a level of sensitivity that is commensurate with the responsibilities and other attributes of the position. Virtually all of State's 16,000 foreign service and civil service positions have been designated as critical-sensitive or special-sensitive. Individuals who occupy these positions have access to information classified to top secret and beyond. State is also required to periodically conduct routine reinvestigations of its long-term employees. In 1987, State conducted over 3,500 initial investigations and about 1,500 reinvestigations of foreign service and civil service employees, contractors, foreign service nationals, and other individuals.

Since 1953 the Department has been authorized to conduct personnel background investigations under Executive Order 10450. The order assigns the Office of Personnel Management (OPM) broad oversight responsibility for the government's personnel security program, and the Federal Personnel Manual (FPM ch. 732) contains OPM's specific requirements for implementing an agency's personnel security programs. The FPM (ch. 736) also describes the requirements for conducting background investigations, including the requirements for conducting periodic reinvestigations.

The Secretary of State assigned the Bureau of Diplomatic Security (DS) the responsibility--in addition to other related security duties--of carrying out State's security investigations program. DS is responsible for determining the sensitivity level of each State position; conducting investigations and issuing or upgrading clearances; and suspending, reducing, or revoking clearances when warranted. The Bureau's Instructions and Procedures manual (Vol. II-Investigations) sets forth the Department's policies and procedures for conducting personnel security investigations.

The Bureau performs a variety of security-related investigations, including background investigations for civil service and foreign

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service applicants, incumbents, contractors, interns, and foreign service nationals. Additionally, State provides investigative services to conduct overseas investigations of applicants being considered for employment (both domestically and overseas) by the Agency for International Development, U.S. Information Agency, ACTION, OPM, Air Force, Army, Navy, Drug Enforcement Administration, Commerce, National Security Agency, Treasury, and Defense Investigative Service.

Security investigations are carried out by DS special agents who are located throughout the United States and by State's network of regional security officers located at overseas posts worldwide. In addition to conducting investigations, special agents also periodically provide protection to U.S. officials and foreign dignitaries.

The DS special agent work force of about 250 special agents is supplemented by about 200 contract investigators who are dispersed throughout the continental United States. These contract investigators are typically investigators who have retired from organizations like the Federal Bureau of Investigation and the Secret Service, and are paid for each investigation completed, plus daily expenses. In 1987, DS spent about \$3.3 million for contract investigative services. Contract investigators perform background investigations exclusively, whereas special agents tend to concentrate on protection and other types of security investigations.

Diplomatic Security Organization for Personnel Investigations

The responsibility for conducting background investigations resides principally with the Bureau for Diplomatic Security. The following units within this Bureau are charged with conducting security investigations:

- The Director for Protection and Investigations is responsible for the overall direction of State Department programs for personnel security, including protecting dignitaries and investigating alleged criminal activities.
- The Office of Investigations manages State's personnel security program, including a wide range of investigative programs such as background investigations, passport and visa fraud, and other special investigations.

Within the Office of Investigations, the Personnel Investigations Division is responsible for initiating background investigations of

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employees, employee applicants, contractors, and others seeking access to Department information and/or facilities. In addition, it is responsible for prioritizing cases and tracking their progress, issuing tasking assignments to State's field offices, and ensuring that all appropriate coverage has been performed. The Division also investigates contractors employed directly by an organizational unit in the State Department.

Also within the Office of Investigations, the Evaluations Division designates the sensitivity of each Department position and issues clearances based on the results of background investigations. In addition, Evaluations determines if investigations warrant suspending, reducing, and revoking employees' clearances and initiates and monitors State's reinvestigations program.

- The Office of Procedural Security is responsible for State's industrial security programs and manages the physical security program for domestic Department of State facilities. The Division coordinates contractor security clearances and determines which industrial contractors will be investigated by DS and which will be investigated by other government agencies.
- Field Office Management provides oversight and direction for the operation of 21 domestic security offices and administers the contract security investigator program.
- The Director for Overseas Operations monitors and provides guidance to State's corps of regional security officers over a wide range of security projects. The office acts as a DS focal point for overseas security matters, provides technical assistance to posts, and participates in assigning and evaluating security officers overseas.

PERSONNEL INVESTIGATIONS CONDUCTED IN
ACCORDANCE WITH STATE PROCEDURES

Special agents and contract investigators generally followed the requirements in the DS Instructions & Procedures manual (Vol. II- Investigations, sec. 6-3) in conducting security investigations, based on our review of about 50 personnel investigations at each of the three field offices we visited. Typically, several field offices participated in a background investigation, including the appropriate regional security officers in foreign countries where individuals have lived or traveled.

The cases we reviewed covered the required investigative elements and were supported through adequate documentation. For example, various documents such as education, police, credit, and birth

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certificate records were either in the case file or verified personally by the investigators. Additionally, checks of individuals' present and past residences were performed, and an adequate number of character references and other sources were usually interviewed.

Personnel background investigations for critical-sensitive positions generally require an investigative period of at least 7 years--for reinvestigations the period is 5 years or from the time of the last investigation--and include 10 major elements. These elements include the following:

- birth and citizenship, which are verified through documents such as birth certificate and naturalization papers;
- health, which is verified through general inquiries, review of medical records, or examination;
- education, which is verified through school records or college transcripts;
- employment, which is verified through personnel records and interviews with various people, including the individual's present supervisor;
- membership in labor unions and political and religious organizations, which is verified through employment records;
- military service, which is verified through service files;
- character references, which include interviews with at least two listed references;
- developed sources, which include interviews with at least two sources developed from listed references or employment;
- neighborhood, which is verified through resident visits or interviews with neighbors; and
- record checks, which include police files and credit bureau reports.

In addition, State interviews each applicant.

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BACKGROUND INVESTIGATIONS NOT
COMPLETED IN A TIMELY MANNER

The Department of State began conducting its own background investigations in 1985. Previously, State had contracted for personnel investigation services with OPM. State decided to conduct its own investigations after it found that OPM was averaging 6 months or more to complete an investigation despite an agreement that turnaround time would be no more than 60 days. Moreover, State believed that it needed more control over personnel investigations.

Now that State performs its own investigations, it has established a goal of 90 days to investigate and issue a security clearance. State conducted over 3,500 initial background investigations of foreign service, civil service, and contractor candidates in 1987. Generally, a background investigation must be completed and a clearance issued before an individual can start working at State. Most of the investigations are for the issuance of top secret clearances.

Our sample of 350 investigations completed in 1987 for foreign service and civil service personnel and for contractors indicates that the Department required an average of 141 days to complete an applicant investigation, or 56 percent longer than the goal. Also, 67 percent of the applicant cases exceeded the 90-day goal. The results of our sample are summarized in table I.1.

Table I.1: Average Number of Days Taken by Diplomatic Security to Perform Applicant Investigations in 1987

<u>Applicant</u>	<u>Number of cases</u>	<u>Average number of days</u>	<u>Cases over 90 days</u>	
			<u>Number</u>	<u>Percent</u>
Contractors	28	132	11	39
Foreign service	228	150	171	75
Officers	70	164	56	80
Specialists	158	144	115	73
Civil service	<u>94</u>	118	<u>53</u>	56
Total	<u>350</u>	141	<u>235</u>	67

As table I.1 shows, on average, no group met the Department's 90-day goal. Investigation of civil service applicants required the least amount of time, and those of foreign service officer

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applicants required the longest time. Table I.1 shows that foreign service officers also had the most cases over 90 days.

Why Investigations Are Taking
Longer Than 90 Days

Investigative field work performed by the special agents and contract investigators accounted for most of the time required to finish an investigation. The case adjudication process--to determine if a clearance should be issued after the investigation is completed--generally required only about 2 weeks to complete. DS and other State officials cited the following factors that contributed to extending the investigative period:

- Many applicants had lived in numerous places, attended several schools, changed jobs frequently, or traveled extensively overseas, especially to Soviet bloc or other communist countries.
- DS special agents were pulled off background investigations and were reassigned to protect traveling dignitaries. For example, DS officials at the Washington Field Office said agents have spent nearly half their time on protection details.
- Delays occurred because investigators were waiting for records from police agencies, credit bureaus, and other government agencies.
- Derogatory information, such as drug or alcohol use, was occasionally developed during the investigation, which required additional investigative work.

Security Investigations of Foreign
Service Applicants Used to
Determine Suitability

While only a few job applicants were rejected because they were security risks, State officials told us that selecting officials use the information provided from the security investigation to help make a selection from competing candidates. Many foreign service candidates on whom investigations are conducted are ultimately not hired because of the availability of more highly qualified applicants, or because they are found unsuitable by personnel review panels. The background investigations conducted by DS provide information for the suitability assessment by these panels.

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State conducts a background investigation of all foreign service candidates who pass the written and oral exams. Department officials stated they need a sizable pool from which to select the best candidates for the foreign service. Once the investigations have been completed personnel officials use the information to determine which applicants are most suitable for the foreign service and to assist in determining which applicants will be placed on the job registers. The candidates' suitability ratings affect where the applicants will be ranked on the register. Those who are hired from the register are issued clearances upon DS approval. Applicants who are not selected on the first opportunity remain on the register (18 months for officer candidates and 12 months for specialists). Table I.2 depicts foreign service applicant investigations for 1987. Less than one-third of all candidates investigated received appointments to the foreign service. In contrast to the process used for foreign service appointments, State offers a position to civil service candidates and contractors but employs them only after they have successfully passed a security investigation. State officials told us that because foreign service candidates were being considered for overseas positions it was more critical to screen them than civil service candidates.

Table I.2: Investigations of Foreign Service Applicants Completed in 1987

<u>Foreign service category</u>	<u>Number of candidates</u>	<u>Number hired</u>	<u>Percent hired</u>
Officers	700	223	32
Specialists	<u>1,600</u>	<u>488</u>	<u>30</u>
Total	<u>2,300</u>	<u>711</u>	<u>31</u>

MOST EMPLOYEE REINVESTIGATIONS
HAVE NOT BEEN DONE

The Department of State has not implemented an effective program for periodically reinvestigating its U.S. employees to determine if they should continue to have access to national security information. State policy (Instructions & Procedures Manual, Vol. II, sec. 6-10) requires that virtually all employees undergo a reinvestigation at least every 5 years; however, only about 25 percent of State's long-term employees had been reinvestigated.

Reinvestigations have not been a priority within the Department. As a result, there is a significant backlog of employees who have

not been reinvestigated in more than 10 years. State has not developed a plan to reduce or eliminate the backlog.

State's Tracking System
Can Be Improved

DS officials told us that they did not have an automated tracking system to routinely determine which employees were due for a reinvestigation. Therefore, we examined and compared information from DS security files and Bureau of Personnel computer-generated data to determine the extent of the reinvestigation backlog.

We found that 6,739, or 75 percent, of State's 8,929 long-term employees in sensitive positions had not been reinvestigated in 5 years or more, including 3,908, or 44 percent, who had not been reinvestigated in more than 10 years. In addition, we noted that dozens of employees had not been reinvestigated in 25 years or more.

State Efforts to Reduce
the Reinvestigation Backlog

According to DS officials, in 1986 they began to address the backlog by giving priority to certain groups of employees in particularly sensitive jobs, such as those with special access clearances and security personnel, for reinvestigation. Although DS has made this effort, two-thirds, or 66 percent, of State's security personnel still needed to be reinvestigated, including 43 percent who had not been reinvestigated in 10 years or more.

State will likely continue having a backlog of reinvestigations. State assigns a numerical priority to all investigations, and it assigns reinvestigations the lowest priority. DS policy is to give higher priority to applicant cases. Moreover, State has not developed a plan for reducing the backlog of required reinvestigations.

Recently, State has sharply reduced the number of reinvestigations initiated--from 38 cases in January 1988 to 4 in April 1988--in order to emphasize investigations of applicants to replace foreign service nationals and to work on embassy construction programs. At the time we conducted our review, DS officials told us that there were no plans to give greater emphasis to reinvestigations or to reduce the backlog.

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Employee Cooperation Would Enhance
the Reinvestigation Program

According to State records and officials about 70 employees have not provided information required for a reinvestigation. The Foreign Affairs Manual (3 FAM 162.4 and 3 FAM 622.10k) requires that employees cooperate during the reinvestigation process. As a part of that process, employees must submit a completed security questionnaire to DS. Failure to cooperate can result in disciplinary action, such as suspension of a security clearance; however, State has not taken any such disciplinary action against the employees who failed to complete the required questionnaire.

Prior to 1987, DS policy was to issue three letters warning employees of possible disciplinary action. DS sent the third and final letter to the employee's supervisor stating that DS would take action to suspend the employee's security clearance until it received the required questionnaire. Prior to 1987, DS issued at least 25 final letters, but only 12 of these employees responded to the letter and submitted a completed questionnaire. DS did not take disciplinary action on the remaining 13 employees. We were told that, since 1987, approximately 60 other employees had not complied with Department regulations but that Department officials did not send letters threatening to suspend their clearances. As a result, the reinvestigations were never completed. According to Department officials, the cases were not worth pursuing because they had no reason to suspect that nonrespondents posed a serious threat to national security.

IMPORTANCE OF DOING
REINVESTIGATIONS

State Department files reveal that a number of employees who had not been routinely reinvestigated became security risks. These employees subsequently had their security clearances suspended, reduced, or revoked.

Since 1985, State has suspended, reduced, or revoked 67 employees' security clearances, 17 of which were subsequently reinstated. DS took action on these employees after receiving allegations of employee misconduct from coworkers or supervisors. Cases included unauthorized contact with foreign nationals, financial difficulties, alcohol or drug abuse, mental illness, security violations, and/or criminal conduct.

The most common reason for reducing a clearance was the marriage of a State employee to an alien. According to a State official, State's practice is to reduce or suspend an employee's clearance

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for up to 2 years after DS has been formally notified by the employee that his/her spouse is not a U.S. citizen. After completing an investigation, DS reinstates the employee's clearance, assuming no derogatory information has been uncovered. Table I.3 illustrates the basis for suspensions, reductions, and revocation of security clearances since 1985.

Table I.3: Basis for Security Clearances Being Suspended, Reduced, or Revoked (1985 to 1988)

Reason for action	Actions Taken		
	<u>Suspension</u>	<u>Reduction</u>	<u>Revocation</u>
Alcohol/drug	8	0	0
Mental illness	1	0	1
Alien spouse	2	11	2
Foreign contact	7	0	2
Criminal conduct	10	0	1
Security violation	2	0	2
Financial problems	<u>0</u>	<u>1</u>	<u>0</u>
Total	<u>30</u>	<u>12</u>	<u>8</u>

Note: Table I:3 does not include the 17 clearances that were subsequently reinstated.

Although periodic reinvestigations, at least every 5 years, do not guarantee that problem employees will be identified, they do increase the likelihood that problems will be detected.

The following examples, taken from State Department records, illustrate problems involving State employees who had not been routinely investigated.

-- A science officer's clearance was revoked in August 1986 after an investigation into allegations of his homosexual relationship with a minor. The officer's initial background investigation was done in February 1975. The officer received a cryptographic clearance in October 1979 and a NATO cosmic clearance in December 1979. Although a routine reinvestigation was due in 1984, it was never conducted. In 1982, while the employee was assigned to the American Embassy in Moscow, the KGB sought to recruit him as a spy because it knew of his homosexual orientation. Also in 1982, while attending a training course in Europe, the employee violated Department regulations by traveling to Czechoslovakia without authorization. In July 1985, the employee was investigated for allegedly engaging in a

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homosexual relationship with a minor, and his clearance was subsequently revoked.

- A foreign service officer, who received a clearance in September 1980, was due for reinvestigation in 1985, but it was never conducted. In the fall of 1985, the employee violated the Department's nonfraternization policy (11 FAM 236.3) by engaging in an affair with an East German woman, who gave birth to his son. After the child was born, two East German intelligence officers attempted to recruit him. Although he immediately reported the recruitment attempt, DS expressed concerns about the officer's attempt to minimize the importance of the incident. The officer's clearance was suspended.
- An economic affairs officer received a clearance in December 1973, but a routine reinvestigation due in 1978 was never done. The Drug Enforcement Administration arrested the employee for attempting to manufacture LSD, and he was arraigned in federal court in January 1986. Prior to his arrest, he was cited for repeated violations of the Department's nonfraternization policy. His conduct came under Department scrutiny on three separate occasions in the 1970s. In 1976, the employee was queried about affairs with Soviet women. He also admitted to 7-month affairs with two married Czechoslovakian nationals. In January 1979, he was cited for a security violation for leaving a confidential "airgram" unattended. His clearance was suspended in January 1986, and he resigned in June 1986.
- A secretary received a clearance in January 1972, but a routine reinvestigation due in 1977 was never conducted. The employee was reprimanded for physical and verbal abuse of fellow employees. Since 1982, she has been hospitalized several times for a mental condition. She was under a doctor's care but refused to take the medication prescribed to her. In August 1987, State's medical unit refused to clear her after learning of her psychiatric problems. State suspended her clearance in May 1987 and subsequently revoked it in March 1988.
- A political officer whose last investigation was in November 1976 was not reinvestigated in 1981, as required. This employee was accused of filing false travel and representational vouchers totaling \$4,360. State suspended the employee's clearance in March 1987. He retired in June 1987.
- A secretary who received a clearance in June 1978 was due for a routine reinvestigation in 1983, but it was not conducted. In September 1987, the employee's clearance was suspended after she behaved in a threatening manner when the President visited

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the Department.. She was hospitalized for a psychiatric evaluation. Sources noted that her work performance had sharply deteriorated. Other employees expressed concerns over her erratic behavior, like excessive use of sick leave and claiming overtime falsely. State investigators learned that the employee had used marijuana and the drug PCP.

OBJECTIVES, SCOPE, AND METHODOLOGY

On September 22, 1987, the Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations, requested that we review the State Department's security investigation practices. Our objectives were to (1) evaluate the Department's policies and procedures for performing security investigations and determine the extent of compliance with such policies and procedures, (2) ascertain whether clearances were issued in a timely and efficient manner, and (3) review procedures for reinvestigating employees and updating individual security clearances.

We met with officials from the State Department and the Office of Personnel Management and reviewed pertinent documentation and federal rules and regulations in Washington, D.C. We also visited three of the nine DS domestic field offices (in Washington, D.C.; Philadelphia, Pennsylvania; and Miami, Florida) to determine how well they were following established procedures for conducting investigations of American applicants and employees. At each of the field offices we visited, we conducted a detailed review of about 50 completed security investigations and reinvestigations judgmentally selected at random to determine if each had been conducted in accordance with federal regulations.

To determine the timeliness of State's investigations, we selected a sample of initial investigations completed during fiscal year 1987. State did not maintain comprehensive statistics on the timeliness of its investigations. We selected 10 percent (every tenth case), or 350, of the cases and determined the number of days spent to complete each investigation.

To determine if State was periodically reinvestigating current U.S. employees as required and the extent of any backlog, we analyzed and compared data from State's Bureaus of Diplomatic Security and Personnel. We also reviewed cases of State employees who had their clearances suspended, reduced, or revoked during the past several years to determine the reasons for these actions and the nature of the violations. In addition, we reviewed cases of employees currently under investigation.

We discussed the factual information we developed with State officials, but as requested, we did not ask State to formally comment on this report. Our work was performed between September 1987 and May 1988 in accordance with generally accepted auditing standards. As agreed with the Subcommittee, we will report separately on the results of our review of the investigations practices concerning foreign service national employees at U.S. diplomatic posts overseas.

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